

DEPARTMENT OF DEFENSE BLOGGERS ROUNDTABLE WITH LIEUTENANT COLONEL KEITH MUSCHALEK, SECURITY ASSISTANCE PROGRAM MANAGER FOR THE IRAQI MINISTRY OF DEFENSE, VIA TELECONFERENCE FROM IRAQ TIME: 9:00 A.M. EST DATE: THURSDAY, FEBRUARY 28, 2008

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CHARLES "JACK" HOLT (chief, New Media Operations, OASD PA): All right. Lieutenant Colonel Keith Muschalek with us this morning for the Bloggers Roundtable. He's a security assistance program manager for the Ministry of Defense.

Colonel, the floor is yours. Do you have an opening statement for us?

COL. MUSCHALEK: Yes, sir.

I am a career Army finance officer and I was deployed to Baghdad last July and I came to the Multinational Transition Security Command and this command is responsible for the build up of the Ministry of Defense in the Iraqi army, air force and naval security forces and one program that we use to build up these forces is the foreign military sales program, which has been around for many, many years, but has only recently come to Iraq, roughly no more than two years ago. We started the evidence program here at MNSTC-I, and we have formed what we call the security assistance office, which is a division of MNSTC-I and as we mature as a command, the security assistance office will eventually be the department of MNSTC-I that really stays around for the duration of our relationship with the new Iraqi government.

So security assistance is a mature program run by the Department of State, but many aspects of it are administered by the Department of Defense and we have SAOs in many, many countries, approximately 120 countries around the world have security assistance officers and part of their job is foreign military sales.

I am new to the foreign military sales program. I was trained at the Defense Institute of Security Assistance Management at Wright Patterson Air Force base in Ohio. I did a two-week course there and then I came to MNSTC-I as a full-time FMS officer.

The program is going very well. The Iraqis are, in fact, buying a lot of equipment, sustainment, things such as life support contracts, you know, water-based camps. They're buying a lot of training as well under the foreign military sales program. So the program is maturing very quickly. It's a very large program now in Iraq, roughly nearing the \$3 billion threshold, programs that are either implemented or in the process of being implemented.

So what we have here in Iraq is a very fast-growing foreign military sales program, a very large program and we think a very important program for the new government of Iraq.

MR. HOLT: All right. Thank you very much. First on the line with us and once again I would like to remind you that when I call your name, please say your full name and your publication.

So, Andrew, you were first on line and why don't you get us started?

Q Colonel, good morning, this is Andrew Lubin from the Military Observer ON Point.

Could you take us through a procurement cycle? They want to buy X weapon -- we've heard bits and pieces about corruption in the Iraqi purchasing process. How do they actually go about purchasing something? And where are the opportunities for somebody to sneak in and grab ten percent if things are so professionally done?

COL. MUSCHALEK: Thank you for that question. That's a very interesting question.

I will tell you this. I deal with strictly the foreign military sales program and the way this program is set up, there is no corruption under FMS and the reason is all the procurement activities are done by the government, the U.S. government. For example, let me walk you through a scenario. We want to buy an armored personnel carrier for the Iraqi army. Let's just notionally say, we'll say the Striker. The government of Iraq, what they do is when their budget is approved every year and they go by calendar year budgets, they will deposit money into the Federal Reserve Bank. It's like what we would call a savings account. They deposit the money in their lump sum. When they want to buy the armored personnel carrier, they write us a letter of request and they say we would like to purchase 200 armored personnel carriers and they give us the specifications that they desire. At that point, I receive the LOR and I send it to the Defense Security Cooperation Agency there in Washington, DC. This agency administers all security assistance for the Department of Defense. They task it to one of the implementing agencies; in this case, it would probably be the U.S. Army. The U.S. Army would send it to its tank automotive command in Warren, Michigan and Warren, Michigan would actually procure those ATCs.

The government of Iraq has no contracts. They do not negotiate. The foreign military sales program does that for them, so this precludes any corruption whatsoever. When that armored personnel carrier is designed and built in the United States, most likely, it will then be shipped to Iraq. We will see that it's delivered to the appropriate destination that they choose.

So with FMS, there is no chance of corruption and this is precisely why they have chosen to put all this money into the FMS program, because there is little to zero chance of corruption by Iraqi officials because they are not part of the procurement process.

Q So where is the corruption process come in for non-FMS problems or things they're buying locally, I would assume?

COL. MUSCHALEK: Yes, sir. I believe that's correct. Now, again, I do not deal with the Iraqi contracting directorate or the process where they go out and directly contract with vendors either in Iraq or throughout the region. I understand there is corruption there. I think it's somewhat traditional for that type of activity to occur in some of these regions of the world, but I am not familiar with that because I deal strictly with FMS and this program takes all the procurement, details away from the Iraqi government and puts it on the U.S. government. As a matter of fact, when I buy those armored personnel carriers, I'm using all the regulations, the DFAR, the AFAR, the acquisition regulations, to procure those personnel carriers.

So there's really no chance whatsoever of corruption using the FMS program.

Q Great. Thanks very much.

MR. HOLT: Okay.

DJ? Q Yes, sir, it's DJ Elliott with The Long War Journal.

I was wondering -- I've been looking at some of the buys through FMS, there have been BTRs, APCs, all sorts of lighter armor. Is there any heavy armor in the pipeline, tanks and the like?

COL. MUSCHALEK: That's a very good question. Currently, there is not. You did mention the BTRs. We are working on a case that is buying the BTR, we call it the Three Echo One, it's based off the old BTR-80 platform and as you said correctly, it is an armored personnel carrier.

The Iraqis have not requested to date any heavy armor such as main battle tanks. We believe that that is sometime in the future that they will be requesting heavy armor. As you may or may not know, the Iraqis did get some T-72s, I believe, donated to them and I believe there is in the neighborhood of, you know, 75 to 100 main battle tanks in Iraq, again, those are non-FMS and they may have either been residual tanks from the old army or they may have been donations, you know, between now and the last five years.

So to date, there has been no request for heavy armor. I believe this is a bigger issue because when you start buying the bigger weapons such as armor or artillery, things of that nature, that then brings in, you know, the regional dynamics here and if you asked my opinion, it would probably be several years away from that type of request coming to FMS.

MR. HOLT: David?

Q Colonel, hi, it's David Axe with War Is Boring.

Sir, what FMS sales have there been for the Iraqi navy then?

COL. MUSCHALEK: Okay. The Navy, obviously, is a much smaller program. I currently show, I believe we have 13 of 14 FMS cases currently working with the Iraqi navy and they are buying -- one of our hottest programs cases is what we call the Sea Wall, or in essence, a dock. They are going to build that sea wall through the FMS program down near Umm Qasr. I don't know too many more specifics because I deal primarily with the Iraqi army program, but I believe they're also buying some Malaysian patrol boats and things of that nature. So nothing really big. I would say the Iraqi navy is the least mature of any FMS

cases. Like I said, we only recently implemented any FMS cases for the Navy, but I think in the future they'll get these patrols boats in the Navy sea wall.

Q Okay. Thanks.

MR. HOLT: Christian?

Q Colonel Muschalek, this is Christian Lowe with Military.com.

Can you continue with that for me? Could you tell us just sort of like the top three FMS programs in each of the services, just give us sort of a straight list? And if you could like how many are involved in each case?

COL. MUSCHALEK: When you mean how many, do you mean --

Q Okay --

COL. MUSCHALEK: Money amounts?

Q APCs.

COL. MUSCHALEK: Quantities and things of that nature. Okay. Very good.

I'll start with the Army program.

Q Okay.

COL. MUSCHALEK: The largest case that we call implemented today was the BTR case and that was for 336 armored personnel carriers. That was designed to equip eight battalions of BTRs. The other Army cases are dealing primarily with force generation, in other words, we're trying to build entire Iraqi battalions and Iraqi brigades. So we will execute a case that will build a complete unit.

Q Okay.

COL. MUSCHALEK: And the unite will consist of the M-1151 up armored Humvee and the international five-ton cargo truck and associated equipment. Again, none of it is large caliber-type equipment. Like I said earlier, there's no artillery requested through FMS. There's no main battle tanks. The largest system might be below the BTR case would be the 1151 armored Humvees and they will either mount a 50-caliber weapon system on top of that turret or a 762 millimeter weapon system.

Q Don't the BTR -- COL. MUSCHALEK: It's relatively small, but very good for the counterinsurgency program. The other large Army cases are construction cases. You can actually execute construction cases through FMS and we have done that. We have about 14 cases. We are building entire garrisons for the brigades that were filling and generating.

So we'll build a brigade garrison that will have a headquarters and the troop bill and things of that nature and those roughly run, looking at some here, roughly \$20 (million) to \$35 million to build a garrison set like that.

For the Air Force, the largest FMS program is the MI-17 helicopter system and that was recently implemented late last year.

Q How many?

COL. MUSCHALEK: They also have some other items, and again, I'm not the expert. They have a few other lighter type aircraft that they're trying to implement, but the largest Air Force case is, in fact, the MI-17 case. I believe they're buying somewhere between 22 and 26 helicopters and the rest deals with C-130 sustainment.

They have not bought C-130s yet. I believe the ones donated are given to them were by the United States and I believe they have three C-130s. So the Air Force deals a lot with sustaining those platforms.

Now, for the Navy, I would say the largest item and I'm sorry I can't give you the top three, but the Navy -- I would go back to the Malaysian patrol boat. I think that's going to be their largest, most important system that they're building. Their most expensive program will, in fact, be the sea wall that they're building at Umm Qasr.

Q Okay. Thanks.

Just a couple of quick follow ups to be specific. The BTR case, 336 of those. What's the dollar amount on that? And do any of those have organic weapons on them?

COL. MUSCHALEK: Yeah. Good question. The BTR case is very interesting because it was, in fact, signed and implemented, but recent discussions -- it will probably not go forward as an executed case. Had it gone forward, they might have asked for what comes with the BTR-3 Echo One and its built in Ukraine. It comes with a 30- millimeter cannon system.

So if that ever goes to fruition, they could end up with a 30 millimeter cannon system, however, I do not believe the BTR case will continue forward in the future because I think the Iraqis are more interested in a larger program that might steer away from the old Soviet-type platforms.

So the BTR case, I would say at this point may or may not go forward as a fully executed case. Q Why? Because they want to get Strikers?

COL. MUSCHALEK: I use Striker only as an example. I think they may steer to another type of armored personnel carrier. I do not believe it would be the Striker. It could be something else, but I have not seen their request, so I really can't speak for what they're going to ask for.

Q Okay. And real quick.

What was the Malaysian patrol boat? Could you tell me specifically which one it is?

COL. MUSCHALEK: I think the most I can tell you, I think it's a 25-foot fast attack boat, but again, I have to have my Navy program manager come over with me and tell me specifically. They have implemented and I forget how many it was, but it's a 25-foot fast attack boat. I believe its being built in Malaysia and that's about the extent of my knowledge on that case.

Q Thanks a lot.

MR. HOLT: Okay.

Andrea Tso.

Q Yes, sir, my name is Captain Andrea Tso and I'm with the Institute for the Study of War.

I was wondering how long a particular or I guess an average FMS request takes? And how the government of Iraq (inaudible) goes from procurement to the (inaudible)?

COL. MUSCHALEK: Okay. I didn't catch all of that. I believe you asked how long does an FMS procurement take. And what was the follow on to that?

Q Sir, I was wondering once the item is procured, how MNSTC-I and the government of Iraq ensure that it transitions smoothly to distribution?

COL. MUSCHALEK: Okay. Very good question.

Okay. Procurement -- if I receive a signed letter of request from the Ministry of Defense, I will pass it to DSCA and I can expect a letter of offer and acceptance or what we call an LOA in about 120 days. So that takes the implementing agency in the States about four months to work out all the details on what they're going to purchase to go out to the vendors and to receive pricing and availability, to come back with a very firm estimate. It takes about four months. I will then offer the LOA to the Ministry of Defense and it will take anywhere from two weeks to eight months to get a signature from the Ministry of Defense. So it's very dependable. It's variable based on what they're asking for and what they think the urgency of it is.

So, I'll give you an example. One of their first cases was the up armored Humvee, it's called the M-1151 and we delivered that product about six months after they signed the LOA, which is the implementing agreement, about six months. This is extremely fast. On average, it will take about 12 months after the LOA is signed and implemented to bring a vehicle such as a truck or a large truck or maybe even construction equipment to Iraq proper. Now, when the vehicles get here, the SAOs such as myself will actually ensure that the vehicle is transferred to the appropriate Iraqi official and we'll get them to sign for it on a form that we use, kind of like a receipt form. We'll ensure that they sign for it.

It is now their vehicle. As a matter of fact, it was their vehicle when it left the vendor's dock. Title transfers when it is accepted by the U.S. government inspectors, when they inspect that Humvee, in this case, they were built, I believe, in South Bend, Indiana, when those Humvees were accepted by the U.S. government on behalf of the Iraqi government, the title transferred for that Humvee.

So at that point, it's the Humvee, it's the Iraqis' Humvee. They own it. Title has transferred. We then put it into the defense transportation system. We put it on a ship and we get it all the way to Iraq, and then we bring it into their depot and we deliver it. That's where I come in and I ensure that the hand off occurs. I get a signature and its receipted to the Iraqis.

Now, because it's the Iraqis' Humvee, I do not tell them where to put it. I don't say it goes to sixth division, eleventh division, it's needs to go

to Umm Qasr, it needs to go up to Kirkuk. It is the Iraqis' Humvee and they decide on where they will distribute those Humvees.

MR. HOLT: Okay. Jarred?

Q Yes, sir, thank you for your time, it's Jarred Fishman with the Air Force Pundit.

I have two related questions today, sir. First off, does the Iraqi government understand the need to move more towards FMS for the variety of reasons as you've already explained here? And tied in with that, what has been your impression since the start of your tour until today as far as the ability of the Iraqi government? Just what are your personal observations about what you've been able to actually see on the ground?

COL. MUSCHALEK: Okay. I believe that the Iraqi government has slowly, but very surely moved in the direction of FMS. Obviously, there's some forces, there are some individuals most likely that do not favor FMS and I don't have any names for you or any of that, but you can see that there's basically a pro-FMS tribe and there's a counter tribe that doesn't want to see FMS fully implemented.

I think we have vastly overtaken the negative side and the vast majority of the Iraqi officials have now fully embraced FMS. One of the main reasons, of course, is what I spoke about earlier -- the corruption issue. There is practically no way I can think of that corruption can be associated with the FMS program because if we personally deliver the items, not the end user, but to the depot level.

So the whole procurement process is U.S. only and thus there can be no Iraqi corruption in the FMS program. My personal opinion is we are seeing great momentum with FMS, as a matter of fact, I got some good news today that a whole bunch of more cases were signed and so I think the MOD, the Ministry of Defense, as well as some of the other ministries, as you may not know, the Ministry of Interior is also a player within the FMS program, but the Ministry of Defense has fully embraced FMS. The momentum is there in favor of FMS and I think it will continue to go forward and it will soon, if not already, become the largest FMS program in the world.

MR. HOLT: And Jarred, or excuse me, Jason.

Q Hi. This is Jason Sigger with the Armchairgeneralist.

I have a question, a two-part question, one, a few years ago, there was a story about the Army's inability to track the exchange of about 170,000 small arms including M-16s and other items to the Iraqi government.

My first question is: Does the FMS include small arms exchanges between the U.S. and the Iraqis? And secondly, is there any responsibility or accountability one those FMS items are given to the Iraqi government or is it all on them to ensure they're put to the right place?

COL. MUSCHALEK: Okay. That's a very good question.

The answer is yes. There are weapons exchanges with the FMS program. As a matter of fact, the FMS program is geared toward defense articles and equipment, such as the standard M-16. We have already purchased and transferred

almost 80,000 M-16A4 weapons to the Iraqi government under FMS. The weapons you spoke about earlier, the 172, some people say it's 190,000, those weapons transfers dealt with non-FMS transfers. They were either items purchased using ISAF funds, which is the special appropriation for Iraq security forces fund. They were purchased under that fund and transferred.

The FMS weapons that we have transferred are on the order of about 80,000 to 90,000 small caliber. We have 100 percent receipt of those weapons going to their depot. So that has worked very well with the tracking. Q
Thanks.

COL. MUSCHALEK: And what was the second part of that question?

Q I think you answered both of them. My first question was: If small arms were part of that FMS? And secondly, if there was an accountability process between the U.S. and Iraqis to make sure it goes to the Iraqi military and not other sources once it gets in country?

COL. MUSCHALEK: Yes, sir. And I'll just expound on that a little bit. The weapons systems and, of course, its been the M-16A4, the M-4 carbine. We also do procure foreign weapons as well, if you're familiar with the Glock nine-millimeter pistol, some of the PKM type machine guns. We do procure foreign weapons for them as well and we just received some shipments this week.

We ensure that the weapons go to the depot. We basically walk them into their warehouse and ensure that they are put in the depot warehouse. We then get them to sign receipt for the weapons. Okay. Now, at that point, they have left the custody of the U.S. transportation system and they are, of course, as I mentioned earlier, they are already owned by the Iraqis. Title has transferred, but we ensure they go directly to the warehouse at Taiji national depot. Taiji is the center of most receipts for FMS and Taiji is a small town located just north of Baghdad and it houses what we call the Taiji national depot and that's where most of those weapons end up.

So they're receipted. We walk them right into the warehouse. They lock the door, so we know they're securely in the warehouse and then the Iraqis will distribute them as they see fit.

Q Thanks very much.

MR. HOLT: Okay. And we're just about out of time here.

Colonel, do you have any closing comments or closing thoughts for us?

COL. MUSCHALEK: Yeah. I will say that, you know, FMS has been -- its had its challenges and one of the biggest problems is understanding the FMS system and the FMS program and what makes it hard in Iraq I will tell you is the translation. We have tried over and over again. We have brought in many mobile training teams from Daisam, the Institute of Security Systems Management, to train the Iraqis.

It is very important that the Iraqi officials and at the Ministry of Defense under the FMS program and we are slowly making them understand the program and I think once they fully understand the FMS program, they will not have any issues with the program and you will see a much more expeditious signing countersignature of the FMS items, but it's going very well. Momentum has greatly shifted in favor of FMS and once they fully, fully understand the

program and they still have a little ways to go, it will be a very, very good system between the U.S. government and the government of Iraq.

Q All right. Thank you very much, sir. Lieutenant Colonel Keith Muschalek is the security assistance program manager for the Ministry of Defense at the Multinational Security Transition Command in Iraq.

Thank you very much for joining us, sir. And we look forward to hopefully speaking with you again.

COL. MUSCHALEK: Yes, sir. I would love to do that. Thank you.

MR. HOLT: Thank you, sir.

END.